

## Message Text

SECRET

PAGE 01 MANILA 06312 01 OF 06 010846 Z

20/12

ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 IO-13

M-03 SIG-02 CU-04 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

PC-15 AGR-20 CEA-02 GAC-01 ACDA-19 EUR-25 SAJ-01

RSR-01 /255 W

----- 094988

R 310942 Z MAY 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5602

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

CINCPAC

S E C R E T SECTION 1 OF 6 MANILA 6312

C O R R E C T E D C O P Y ( CORRECT TEXT OMISSIONS)

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: PFOR, RP

SUBJECT: PARA

REF: ( A) STATE A-11748 OF 12/4/72

( B) STATE 075778

FOLLOWING IS PARA ANNEX I, COUNTRY BACKGROUND STATE-  
MENT, WHICH UPDATES PREVIOUS

SECRET

SECRET

PAGE 02 MANILA 06312 01 OF 06 010846 Z

BACKGROUND STATEMENT AND INCLUDES GENERAL BACKGROUND  
SECTION:

1. GENERAL BACKGROUND. A QUARTER CENTURY AFTER RECEIVING INDEPENDENCE FROM THE U. S., THE PHILIPPINES REMAINS FACED WITH THE VARIED PROBLEMS OF FINDING A SATISFACTORY POLITICAL FRAMEWORK, ACCELERATING ITS ECONOMIC DEVELOPMENT, AND CARVING OUT AN INDEPENDENT ROLE IN ITS FOREIGN RELATIONS. UNEMPLOYMENT IS HIGH AND PER CAPITA INCOME OF ABOUT \$200 IS LOW GIVEN THE COUNTRY' S HUMAN AND MATERIAL RESOURCES; INCOME DISTRIBUTION IS HEAVILY SKEWED IN FAVOR OF A SMALL MINORITY OF FILIPINOS. A POPULATION OF NEARLY 40 MILLION RANKS THE PHILIPPINES AS THE 16 TH MOST POPULOUS NATION IN THE WORLD, AND ONE OF THE HIGHEST GROWTH RATES OF ANY COUNTRY-- ABOUT THREE PERCENT-- ADDS OVER A MILLION MORE PERSONS EACH YEAR. A LONG HISTORY OF GOVERNMENTAL INABILITY TO EFFECT BASIC REFORM AND THE PROSPECT OF INCREASING POLITICAL TURMOIL CONTRIBUTED TO THE RECENT SUSPENSION OF THE DEMOCRATIC SYSTEM BY PRESIDENT MARCOS. PHILIPPINE FOREIGN POLICY HAS TRADITIONALLY STRESSED INTIMATE RELATIONS WITH THE U. S., AND ONLY IN RECENT YEARS HAS THE PHILIPPINES BEGUN TO MAKE ADJUSTMENTS AWAY FROM THIS HISTORIC SPECIAL RELATIONSHIP. ON THE U. S. SIDE, OUR INTERESTS ARE A PRODUCT OF BOTH THE HISTORICAL ASSOCIATION BETWEEN THE TWO COUNTRIES AND CURRENT AMERICAN SECURITY, ECONOMIC AND POLITICAL CONCERNS RELATIVE TO THE PHILIPPINES AND THE SOUTHEAST ASIA REGION.

2. THE PHILIPPINES IS STRATEGICALLY LOCATED ABOUT MIDWAY IN A CRESCENT OF ASIAN NTIONS STRETCHING FROM KOREA THROUGH INDONESIA TO NEW ZEALAND. THE COMPLEX OF U. S . MILITARY BASES IN THE PHILIPPINES IS A FUNDAMENTAL ELEMENT OF PROSPECTIVELY RISING IMPORTANCE TO THE USE OF U. S. MOBILE AIR AND NAVAL POWER IN THE WESTERN PACIFIC. THE U. S. COMMUNICATIONS NEXUS, BOTH CIVILIAN AND MILITARY, FOR THE WESTERN PACIFIC AREA IS ALSO LOCATED IN THE PHILIPPINES.

3. THE U. S. HAS A COMPREHENSIVE TREATY RELATIONSHIP WITH THE PHILIPPINES. THE AMERICAN GOVERNMENT AND PEOPLE IN THIS CENTURY HAVE MADE A MAJOR INVESTMENT IN THE CREATION  
SECRET

SECRET

PAGE 03 MANILA 06312 01 OF 06 010846 Z

AND PRESERVATION OF A VIABLE, FRIENDLY AND INDEPENDENT PHILIPPINES AND HAVE PROVIDED A TOTAL OF \$1.8 BILLION IN DEVELOPMENT ASSISTANCE SINCE 1946. MANY POLITICAL AND SOCIAL INSTITUTIONS HAVE BEEN PATTERNED AFTER AMERICAN MODELS. ALTHOUGH THE PHILIPPINE- U. S. SPECIAL RELATIONSHIP IS APPROPRIATELY FADING INTO PAST HISTORY AND NATIONALISM IS A GROWING TREND, THE PHILIPPINES HAS CONTINUED BROADLY TO SUPPORT

U. S. POLICY AND TO RELATE ITS INTERESTS TO U. S. PROGRAMS AND OBJECTIVES.

4. THE U. S. MAINTAINS IN THE PHILIPPINES A PRIVATE INVESTMENT OF OVER \$1 BILLION. AN ADDITIONAL ESTIMATED \$500 MILLION IS PRESENTLY PLANNED. THE RESIDENT AMERICAN CIVILIAN COMMUNITY OF SOME 25,000 IS THE LARGEST IN EAST ASIA. PHILIPPINE PUBLIC AND PRIVATE BORROWERS NOW OWE ALMOST A BILLION DOLLARS TO THE U. S., IN LARGE PART TO PRIVATE LENDERS. ANNUAL TWO- WAY U. S.- PHILIPPINE TRADE AMOUNTS TO NEARLY \$800 MILLION, AND AN EXPANDING PHILIPPINE ECONOMY DURING THE 1970' S IS EXPECTED TO PROVIDE MORE OPPORTUNITIES FOR U. S. FOREIGN INVESTMENT AND TRADE.

5. AMERICAN ASSOCIATIONS WITH THE PHILIPPINES ALSO INCLUDE SURVIVING LINKAGES-- STATUTORY, FINANCIAL AND PSYCHOLOGICAL-- FROM THE PRE-1946 PERIOD WHICH ARE UNIQUE IN U. S. BILATERAL FOREIGN RELATIONS. THESE INCLUDE BENEFITS TO FILIPINO VETERANS FOR SERVICE WITH U. S. SOCIAL SECURITY; THE LARGE NUMBER OF FILIPINOS WITH ESTABLISHED OR LATENT CLAIMS TO U. S. CITIZENSHIP; THE REMAINING STRONG ATTRACTION OF EDUCATION IN THE U. S. AND OF TRAVEL AND IMMIGRATION TO THE U. S. REINFORCED BY FAMILY TIES ON BOTH SIDES OF THE PACIFIC; AND A VARIETY OF COMPLEX BUSINESS AND CITIZENSHIP RELATIONSHIPS WITH U. S., PHILIPPINE AND MIXED FIRMS, BOTH LOCAL CORPORATIONS AND SUBSIDIARIES OF U. S. COMPANIES.

6. INTERNAL AFFAIRS: IN RECENT YEARS THE PHILIPPINES HAS SEEMED TO BE HEADING TOWARDS AN INCREASINGLY UNSTABLE INTERNAL SITUATION. TO MANY OBSERVERS IT HAS LONG SEEMED THAT THE PHILIPPINES WAS HEADED TOWARDS VIOLENT REVOLUTION AGAINST A U. S. MODEL DEMOCRATIC SYSTEM, SUPERIMPOSED ON A FEUDAL STRUCTURE, DOMINATED BY OLIGARCHS AND ABUSED

SECRET

SECRET

PAGE 04 MANILA 06312 01 OF 06 010846 Z

BY POLITICAL LEADERSHIP ELEMENTS. ADDITIONAL FACTORS CONTRIBUTING TO POTENTIAL INSTABILITY HAVE BEEN: ( A ) AN UNDERLYING CRISIS OF NATIONAL IDENTITY TRACEABLE PARTLY TO A FRAGMENTED GEOGRAPHY AND CULTURAL HISTORY; ( B ) INADEQUATE GOVERNMENTAL PERFORMANCE IN MANY ESSENTIAL AREAS; AND ( C ) SHORTCOMINGS IN THE ECONOMY WHICH RESULTED IN FAILURES TO MEET THE EXPECTATIONS OF A RELATIVELY WELL-EDUCATED AND RAPIDLY GROWING POPULATION. OFFSETTING SOURCES OF STABILITY HAVE BEEN: ( A ) THE INTRICATE BONDS OF TRADITIONAL FILIPINO SOCIETY; ( B ) A RECENT HISTORY OF UNUSUALLY SOUND ECONOMIC POLICIES; ( C ) THE POLITICAL OUTLETS PROVIDED BY THE DEMOCRATIC SYSTEM DESPITE ITS ABUSES; AND ( D ) THE RESISTANCE OF THE PEOPLE TO FOREIGN INTERFERENCE.

MRN: 1973MANILA006312 SEGMENT NUMBER: 000002 ERROR READING TEXT  
INDEX  
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE  
MRN: 1973MANILA006312 SEGMENT NUMBER: 000003 ERROR READING TEXT  
INDEX  
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE  
MRN: 1973MANILA006312 SEGMENT NUMBER: 000004 ERROR READING TEXT  
INDEX  
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE  
MRN: 1973MANILA006312 SEGMENT NUMBER: 000005 ERROR READING TEXT  
INDEX  
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE  
MRN: 1973MANILA006312 SEGMENT NUMBER: 000006 ERROR READING TEXT  
INDEX  
FILE; TELEGRAM TEXT FOR THIS SEGMENT IS UNAVAILABLE

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* SECRET

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PFOR  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 MAY 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** elyme  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973MANILA06312  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GDS  
**Errors:** CORE  
**Film Number:** n/a  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730556/aaaajwqw.tel  
**Line Count:** 182  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EA  
**Original Classification:** SECRET  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 STATE A-11748 OF 12/4/72, 73 STATE 075778, FOLLOWING IS PARA ANNEX I, COUNTRY BACKGROUND STATE-, MENT, WHICH  
UPDATES PREVIOUS  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** elyme  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 23 OCT 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23-Oct-2001 by cunninfx>; APPROVED <29-Nov-2001 by elyme>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> mcm 980309  
**Subject:** PARA  
**TAGS:** PFOR, RP  
**To:** AIT TAIPEI  
BANGKOK  
CANBERRA  
EA  
JAKARTA  
KUALA LUMPUR

SECSTATE WASHDC  
SINGAPORE  
TOKYO  
**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005